SENATE BILL NO. 252

INTRODUCED BY L. JONES, F. MOORE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL FUNDING RELATED TO OIL AND NATURAL GAS PRODUCTION TAXES; REMOVING THE REQUIREMENT THAT SCHOOL DISTRICTS RECEIVING OIL AND NATURAL GAS PRODUCTION TAX REVENUE BUDGET A PORTION OF THAT REVENUE IN THE DISTRICT GENERAL FUND; CLARIFYING DISTRIBUTIONS FROM THE STATE SCHOOL OIL AND NATURAL GAS IMPACT ~~ACCOUNT~~ AND DISTRIBUTION ACCOUNTS; PROVIDING STATUTORY APPROPRIATIONS; AMENDING SECTIONS 17-7-502, 20-9-310, 20-9-517, AND 20-9-520, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 17-7-502, MCA, IS AMENDED TO READ:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-517; 20-9-520; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208;

53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5, Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30, 2015.)"

Section 2. Section 20-9-310, MCA, is amended to read:

"20-9-310. (Temporary) Oil and natural gas production taxes for school districts -- allocation and limits. (1) (a) Except as provided in subsections (1)(b) and ~~(8)~~ (6), the maximum amount of oil and natural gas production taxes that a school district may retain is 130% of the school district's maximum budget, determined in accordance with 20-9-308.

(b) For fiscal years 2014 through ~~2017~~ 2016 for a school district with a maximum general fund budget of less than $1.5 million, the maximum amount of oil and gas production taxes that a school district may retain is 150% of the school district's maximum general fund budget.

(2) Upon receipt of school district budget reports required under 20-9-134, the superintendent of public instruction shall provide the department of revenue with a list reporting the maximum general fund budget for each school district.

(3) The department of revenue shall make the full quarterly distribution of oil and natural gas production taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the state school oil and natural gas distribution account provided for in 20-9-520.

(4) (a) By the last day of the month immediately following the month in which the quarterly distribution of oil and natural gas production taxes in subsection (3) is made, the office of public instruction shall distribute any amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based on allocations determined by the department of revenue pursuant to subsection (3) in the following priority:

(i) to the other school district within the unified school system from which the oil and natural gas production revenue originates or to any school district having a joint board status with the district, as provided in 20-3-361, from which the oil and natural gas production revenue originates, up to 130% of the maximum budget of the school district receiving a distribution of revenue under this subsection (4)(a)(i) on a prorated basis;

(ii) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(i), to all school districts immediately contiguous to the district from which the oil and natural gas production revenue originates, up to 130% of the maximum budget of each school district receiving a distribution of revenue under this subsection (4)(a)(ii) on a prorated basis. If there is more than one school district from which distributable oil and natural gas production revenue originates and is available for a distribution under this subsection (4)(a)(ii) that is immediately contiguous to a school district qualifying for receipt of a distribution of oil and natural gas revenue under this subsection (4)(a)(ii), the distribution of oil and natural gas production revenue must be prorated from the districts from which oil and natural gas production revenue originates in relative proportion to the amount that the oil and natural gas revenue available for distribution from each school district bears to the total oil and natural gas revenue available for distribution from all school districts from which the distributable revenue originates.

(iii) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(ii), to all school districts that are located in whole or in part in the same county as the school district from which the oil and natural gas production revenue originates, up to 130% of the maximum budget of each school district receiving a distribution of revenue under this subsection (4)(a)(iii) on a prorated basis. If there is more than one school district from which distributable oil and natural gas production revenue originates and is available for distribution under this subsection (4)(a)(iii), the distribution of oil and natural gas production revenue must be prorated from the districts from which oil and natural gas production revenue originates in relative proportion to the amount that the oil and natural gas revenue available for distribution from each school district bears to the total oil and natural gas revenue available for distribution from all school districts from which the distributable revenue originates.

(iv) if funds remain to be distributed after distribution to school districts under subsection (4)(a)(iii), to all school districts that are located in whole or in part in a county contiguous to a county where a horizontally completed well, as defined in 15-36-303, has been drilled within the last 3 years according to the department of natural resources and conservation, up to 130% of the maximum budget of each school district receiving a distribution under this subsection (4)(a)(iv) on a prorated basis. If there is more than one school district from which distributable oil and natural gas production revenue originates and is available for distribution under this subsection (4)(a)(iv), the distribution of oil and natural gas production revenue must be prorated from the districts from which oil and natural gas production revenue originates in relative proportion to the amount that the oil and natural gas revenue available for distribution from each school district bears to the total oil and natural gas revenue available for distribution from all school districts from which the distributable revenue originates.

(b) Any funds remaining after distribution under subsections (4)(a)(i) through (4)(a)(iv) must be deposited as follows:

(i) 70% of the retained amount must be deposited in the guarantee account provided for in 20-9-622;

(ii) 5% of the retained amount must be deposited in the state school oil and natural gas impact account provided for in 20-9-517; and

(iii) 25% of the retained amount must be distributed to the counties ~~for deposit in the~~ IN PROPORTION TO A COUNTY'S OIL AND NATURAL GAS PRODUCTION TAXES FOR THE PRECEDING 3 YEARS COMPARED TO THE TOTAL OF ALL COUNTIES' OIL AND NATURAL GAS PRODUCTION TAXES FOR THE PRECEDING 3 YEARS. FUNDS DISTRIBUTED MUST BE DEPOSITED IN A COUNTY'S county school oil and natural gas impact fund provided for in 20-9-518.

(5) (A) Subject to the limitation in subsection (1) AND THE CONDITIONS IN SUBSECTION (5)(B) ~~and except as provided in subsection (7)~~, the trustees shall budget and allocate the oil and natural gas production taxes ~~received~~ ANTICIPATED by the district ~~as follows:~~

~~(a) the trustees shall budget in the general fund an amount of oil and natural gas production taxes equal~~

~~to the lesser of 25% of the total oil and natural gas production taxes received by the district in the prior year or the general fund levy requirement;~~

~~(b) oil and natural gas production taxes received by the district must be deposited in the general fund until the limit under subsection (5)(a) is reached; and~~

~~(c) all remaining oil and natural gas production tax revenue may be deposited in any budgeted fund.~~

~~(6) Except as provided in subsection (7), 50% of the oil and natural gas production taxes deposited in the general fund pursuant to subsection (5)(a) must be applied to the BASE budget levy. Remaining oil and natural gas production taxes deposited in the general fund may be applied to either the BASE budget levy or the over-BASE budget levy at the discretion of the board of trustees.~~

~~(7) The provisions of subsections (5) and (6) do not apply to the following:~~

~~(a) a district that has a maximum general fund budget of less than $1 million;~~

~~(b) a district whose oil and gas revenue combined with its adopted general fund budget totals 105% or less of its maximum general fund budget;~~

~~(c) a district that has a maximum general fund budget of $1 million or more and has had an unusual enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year immediately preceding the fiscal year to which subsections (5) and (6) of this section would otherwise apply; or~~

~~(d) a district that has issued outstanding oil and natural gas revenue bonds. Any funds received pursuant to this section must first be applied by the district to payment of debt service obligations for oil and natural gas revenue bonds for the next 12-month period~~ in any budgeted fund at the discretion of the trustees. OIL AND NATURAL GAS PRODUCTION TAXES ALLOCATED TO THE DISTRICT GENERAL FUND MAY BE APPLIED TO THE BASE OR OVER-BASE PORTIONS OF THE GENERAL FUND BUDGET AT THE DISCRETION OF THE TRUSTEES.

(B) ~~IF~~ EXCEPT AS PROVIDED IN SUBSECTION (5)(C), IF THE TRUSTEES ~~OF A SCHOOL DISTRICT THAT RECEIVED OIL AND NATURAL GAS PRODUCTION TAXES IN THE PRIOR FISCAL YEAR BUDGET IN~~ APPLY AN AMOUNT LESS THAN 12.5% OF THE TOTAL OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR SCHOOL FISCAL YEAR TO THE DISTRICT'S GENERAL FUND BASE BUDGET FOR THE UPCOMING SCHOOL FISCAL YEAR ~~AN AMOUNT LESS THAN 12.5% OF THE TOTAL OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR FISCAL YEAR~~, THEN:

(I) THE TRUSTEES MUST LEVY THE NUMBER OF MILLS REQUIRED TO RAISE AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN 12.5% OF THE OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR SCHOOL FISCAL YEAR AND THE AMOUNT OF OIL AND NATURAL GAS PRODUCTION TAXES THE TRUSTEES BUDGET IN THE DISTRICT'S GENERAL FUND BASE BUDGET FOR THE UPCOMING SCHOOL FISCAL YEAR;

(II) THE MILLS LEVIED UNDER SUBSECTION (5)(B)(I) ARE NOT ELIGIBLE FOR THE GUARANTEED TAX BASE SUBSIDY UNDER THE PROVISIONS OF 20-9-366 THROUGH 20-9-369; AND

(III) THE GENERAL FUND BASE BUDGET LEVY REQUIREMENT CALCULATED IN 20-9-141 MUST BE CALCULATED AS THOUGH THE TRUSTEES BUDGETED 12.5% OF THE OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR YEAR AND THE NUMBER OF MILLS CALCULATED IN SUBSECTION (5)(B)(I) MUST BE ADDED TO THE NUMBER OF MILLS CALCULATED IN 20-9-141(2).

(C) THE PROVISIONS OF SUBSECTION (5)(B) DO NOT APPLY TO THE FOLLOWING:

(I) A DISTRICT THAT HAS A MAXIMUM GENERAL FUND BUDGET OF LESS THAN $1 MILLION;

(II) A DISTRICT WHOSE OIL AND NATURAL GAS REVENUE COMBINED WITH ITS ADOPTED GENERAL FUND BUDGET TOTALS 105% OR LESS OF ITS MAXIMUM GENERAL FUND BUDGET;

(III) A DISTRICT THAT HAS A MAXIMUM GENERAL FUND BUDGET OF $1 MILLION OR MORE AND HAS HAD AN UNUSUAL ENROLLMENT INCREASE APPROVED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION AS PROVIDED IN 20-9-314 IN THE YEAR IMMEDIATELY PRECEDING THE FISCAL YEAR TO WHICH SUBSECTION (5) OF THIS SECTION WOULD OTHERWISE APPLY; OR

(IV) A DISTRICT THAT HAS ISSUED OUTSTANDING OIL AND NATURAL GAS REVENUE BONDS. FUNDS RECEIVED PURSUANT TO THIS SECTION MUST FIRST BE APPLIED BY THE DISTRICT TO PAYMENT OF DEBT SERVICE OBLIGATIONS FOR OIL AND NATURAL GAS REVENUE BONDS FOR THE NEXT 12-MONTH PERIOD.

~~(8)~~(6) The limit on oil and natural gas production taxes that a school district may retain under subsection (1) must be increased for any school district with an unusual enrollment increase approved by the superintendent of public instruction as provided in 20-9-314. The increase in the limit on oil and natural gas productions taxes that a school district may retain under subsection (1) applies in the year immediately following the fiscal year in which the office of public instruction has approved the district's unusual enrollment increase and must be calculated by multiplying $45,000 times each additional ANB approved by the superintendent of public instruction as provided in 20-9-314.

~~(9)~~(7) In any year in which the actual oil and natural gas production taxes received by a school district are less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the district may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount of the shortfall. (Terminates June 30, 2016--sec. 43, Ch. 400, L. 2013.)

20-9-310. (Effective July 1, 2016) Oil and natural gas production taxes for school districts -- allocation and limits. (1) Except as provided in subsection ~~(8)~~ (6), the maximum amount of oil and natural gas production taxes that a school district may retain is 130% of the school district's maximum budget, determined in accordance with 20-9-308.

(2) Upon receipt of school district budget reports required under 20-9-134, the superintendent of public instruction shall provide the department of revenue with a list reporting the maximum general fund budget for each school district.

(3) The department of revenue shall make the full quarterly distribution of oil and natural gas production taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the state school oil and natural gas distribution account provided for in 20-9-520.

(4) By the last day of the month immediately following the month in which the quarterly distribution of oil and natural gas production taxes in subsection (3) is made, the office of public instruction shall distribute any amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based on allocations determined by the department of revenue pursuant to subsection (3) as follows:

(a) 70% of the retained amount must be deposited in the guarantee account provided for in 20-9-622;

(b) 5% of the retained amount must be deposited in the state school oil and natural gas impact account provided for in 20-9-517; and

(c) 25% of the retained amount must be distributed to the counties ~~for deposit in the~~ IN PROPORTION TO A COUNTY'S OIL AND NATURAL GAS PRODUCTION TAXES FOR THE PRECEDING 3 YEARS COMPARED TO THE TOTAL OF ALL COUNTIES' OIL AND NATURAL GAS PRODUCTION TAXES FOR THE PRECEDING 3 YEARS. FUNDS DISTRIBUTED MUST BE DEPOSITED IN A COUNTY'S county school oil and natural gas impact fund provided for in 20-9-518.

(5) (A) Subject to the limitation in subsection (1) AND THE CONDITIONS IN SUBSECTION (5)(B) ~~and except as provided in subsection (7)~~, the trustees shall budget and allocate the oil and natural gas production taxes ~~received~~ ANTICIPATED by the district ~~as follows:~~

~~(a) the trustees shall budget in the general fund an amount of oil and natural gas production taxes equal to the lesser of 25% of the total oil and natural gas production taxes received by the district in the prior year or the general fund levy requirement;~~

~~(b) oil and natural gas production taxes received by the district must be deposited in the general fund until the limit under subsection (5)(a) is reached; and~~

~~(c) all remaining oil and natural gas production tax revenue may be deposited in any budgeted fund.~~

~~(6) Except as provided in subsection (7), 50% of the oil and natural gas production taxes deposited in~~

~~the general fund pursuant to subsection (5)(a) must be applied to the BASE budget levy. Remaining oil and natural gas production taxes deposited in the general fund may be applied to either the BASE budget levy or the over-BASE budget levy at the discretion of the board of trustees.~~

~~(7) The provisions of subsections (5) and (6) do not apply to the following:~~

~~(a) a district that has a maximum general fund budget of less than $1 million;~~

~~(b) a district whose oil and gas revenue combined with its adopted general fund budget totals 105% or less of its maximum general fund budget;~~

~~(c) a district that has a maximum general fund budget of $1 million or more and has had an unusual enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year immediately preceding the fiscal year to which subsections (5) and (6) of this section would otherwise apply; or~~

~~(d) a district that has issued outstanding oil and natural gas revenue bonds. Any funds received pursuant to this section must first be applied by the district to payment of debt service obligations for oil and natural gas revenue bonds for the next 12-month period~~ in any budgeted fund at the discretion of the trustees. OIL AND NATURAL GAS PRODUCTION TAXES ALLOCATED TO THE DISTRICT GENERAL FUND MAY BE APPLIED TO THE BASE OR OVER-BASE PORTIONS OF THE GENERAL FUND BUDGET AT THE DISCRETION OF THE TRUSTEES.

(B) ~~IF~~ EXCEPT AS PROVIDED IN SUBSECTION (5)(C), IF THE TRUSTEES ~~OF A SCHOOL DISTRICT THAT RECEIVED OIL AND NATURAL GAS PRODUCTION TAXES IN THE PRIOR FISCAL YEAR BUDGET IN~~ APPLY AN AMOUNT LESS THAN 12.5% OF THE TOTAL OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR SCHOOL FISCAL YEAR TO THE DISTRICT'S GENERAL FUND BASE BUDGET FOR THE UPCOMING SCHOOL FISCAL YEAR ~~AN AMOUNT LESS THAN 12.5% OF THE TOTAL OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR FISCAL YEAR~~, THEN:

(I) THE TRUSTEES MUST LEVY THE NUMBER OF MILLS REQUIRED TO RAISE AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN 12.5% OF THE OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR SCHOOL FISCAL YEAR AND THE AMOUNT OF OIL AND NATURAL GAS PRODUCTION TAXES THE TRUSTEES BUDGET IN THE DISTRICT'S GENERAL FUND BASE BUDGET FOR THE UPCOMING SCHOOL FISCAL YEAR;

(II) THE MILLS LEVIED UNDER SUBSECTION (5)(B)(I) ARE NOT ELIGIBLE FOR THE GUARANTEED TAX BASE SUBSIDY UNDER THE PROVISIONS OF 20-9-366 THROUGH 20-9-369; AND

(III) THE GENERAL FUND BASE BUDGET LEVY REQUIREMENT CALCULATED IN 20-9-141 MUST BE CALCULATED AS THOUGH THE TRUSTEES BUDGETED 12.5% OF THE OIL AND NATURAL GAS PRODUCTION TAXES RECEIVED BY THE DISTRICT IN THE PRIOR YEAR AND THE NUMBER OF MILLS CALCULATED IN SUBSECTION (5)(B)(I) MUST BE ADDED TO THE NUMBER OF MILLS CALCULATED IN 20-9-141(2).

(c) The provisions of subsection (5)(b) do not apply to the following:

(i) a district that has a maximum general fund budget of less than $1 million;

(ii) a district whose oil and natural gas revenue combined with its adopted general fund budget totals 105% or less of its maximum general fund budget;

(iii) a district that has a maximum general fund budget of $1 million or more and has had an unusual enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year immediately preceding the fiscal year to which subsection (5) of this section would otherwise apply; or

(iv) a district that has issued outstanding oil and natural gas revenue bonds. Funds received pursuant to this section must first be applied by the district to payment of debt service obligations for oil and natural gas revenue bonds for the next 12-month period.

~~(8)~~(6) The limit on oil and natural gas production taxes that a school district may retain under subsection (1) must be increased for any school district with an unusual enrollment increase approved by the superintendent of public instruction as provided in 20-9-314. The increase in the limit on oil and natural gas production taxes that a school district may retain under subsection (1) applies in the year immediately following the fiscal year in which the office of public instruction has approved the district's unusual enrollment increase and must be calculated by multiplying $45,000 times each additional ANB approved by the superintendent of public instruction as provided in 20-9-314.

~~(9)~~(7) In any year in which the actual oil and natural gas production taxes received by a school district are less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the district may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount of the shortfall."

Section 3. Section 20-9-517, MCA, is amended to read:

"**20-9-517. (Temporary) State school oil and natural gas impact account.** (1) There is a state school oil and natural gas impact account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide money to schools that are receiving oil and natural gas production taxes under 15-36-331 in an amount less than 20% of the district's maximum general fund budget but that are impacted by oil and natural gas development. The funds in this account are statutorily appropriated as provided in 17-7-502.

(2) There must be deposited in the account oil and natural gas production taxes, if any, pursuant to

20-9-310(4)(b) ~~and any amounts pursuant to 20-9-104(6)~~.

(3) A school district may apply to the superintendent of public instruction for funds from the account for circumstances that are directly related to impacts resulting from the development or cessation of development of oil and natural gas as follows:

(a) an unusual enrollment increase as determined pursuant to 20-9-161 and 20-9-314;

(b) an unusual enrollment decrease;

(c) higher rates of student mobility;

(d) a district's need to hire new teachers or staff as a result of increased enrollment;

(e) the opening or reopening of an elementary or high school approved by the superintendent of public instruction pursuant to 20-6-502 or 20-6-503; or

(f) major maintenance for a school or district.

(4) In reviewing an applicant's request for funding, the superintendent of public instruction shall consider the following:

(a) the local district's or school's need;

(b) the severity of the energy development impacts;

(c) availability of funds in the account; and

(d) the applicant district's ability to meet the needs identified in subsection (3).

(5) The superintendent of public instruction shall adopt rules necessary to implement the application and distribution process.

(6) The amount in the account may not exceed $7.5 million. Any amount over $7.5 million must be deposited in the guarantee account and distributed in the same manner as provided in 20-9-622(2). (Terminates June 30, 2016--sec. 43, Ch. 400, L. 2013.)

20-9-517. (Effective July 1, 2016) State school oil and natural gas impact account. (1) There is a state school oil and natural gas impact account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide money to schools that are not receiving oil and natural gas production taxes under 15-36-331 in an amount sufficient to address oil and natural gas development impacts. <u>The funds in this account are statutorily appropriated as provided in 17-7-502.</u>

(2) There must be deposited in the account oil and natural gas production taxes, if any, pursuant to 20-9-310(4) ~~and any amounts pursuant to 20-9-104(6)~~.

(3) A school district may apply to the superintendent of public instruction for funds from the account for

circumstances that are directly related to impacts resulting from the development or cessation of development of oil and natural gas as follows:

(a) an unusual enrollment increase as determined pursuant to 20-9-161 and 20-9-314;

(b) an unusual enrollment decrease;

(c) higher rates of student mobility;

(d) a district's need to hire new teachers or staff as a result of increased enrollment;

(e) the opening or reopening of an elementary or high school approved by the superintendent of public instruction pursuant to 20-6-502 or 20-6-503; or

(f) major maintenance for a school or district.

(4) In reviewing an applicant's request for funding, the superintendent of public instruction shall consider the following:

(a) the local district's or school's need;

(b) the severity of the energy development impacts;

(c) availability of funds in the account; and

(d) the applicant district's ability to meet the needs identified in subsection (3).

(5) The superintendent of public instruction shall adopt rules necessary to implement the application and distribution process.

(6) The amount in the account may not exceed $7.5 million. Any amount over $7.5 million must be deposited in the guarantee account and distributed in the same manner as provided in 20-9-622(2)."

Section 4. Section 20-9-520, MCA, is amended to read:

"20-9-520. State school oil and natural gas distribution account. (1) There is a state school oil and natural gas distribution account in the state special revenue fund provided for in 17-2-102. The purpose of the account is for distribution of the oil and natural gas production revenue exceeding the limitation in 20-9-310(1) ~~to school districts~~ in accordance with 20-9-310(4). THE FUNDS DEPOSITED IN THIS ACCOUNT FOR DISTRIBUTION TO SCHOOL DISTRICTS AND COUNTIES UNDER 20-9-310(4) ARE STATUTORILY APPROPRIATED AS PROVIDED IN 17-7-502.

(2) The department of revenue shall deposit in the account oil and natural gas production taxes that ~~exceeds 130% of a school district's maximum budget~~ exceed the limitations in 20-9-310.

(3) The superintendent of public instruction shall distribute the money from the account in accordance with 20-9-310(4) ~~as long as funds remain in the account.~~

~~(4) If funds remain after all of the provisions of 20-9-310(4)(a)(i) through (4)(a)(iv) have occurred, the superintendent of public instruction will deposit the remaining funds in accordance with 20-9-310(4)(b).~~"

NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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